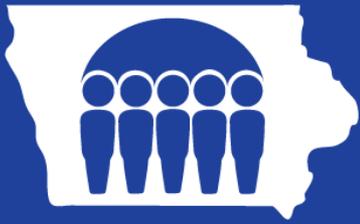


Medicaid Expansion

Jennifer Vermeer
Medicaid Director

February 12, 2013



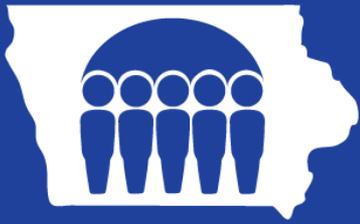
Overview

- This presentation provides information about the optional expansion of Medicaid for adults under the Affordable Care Act
- Medicaid Expansion is not included in the Governor's budget

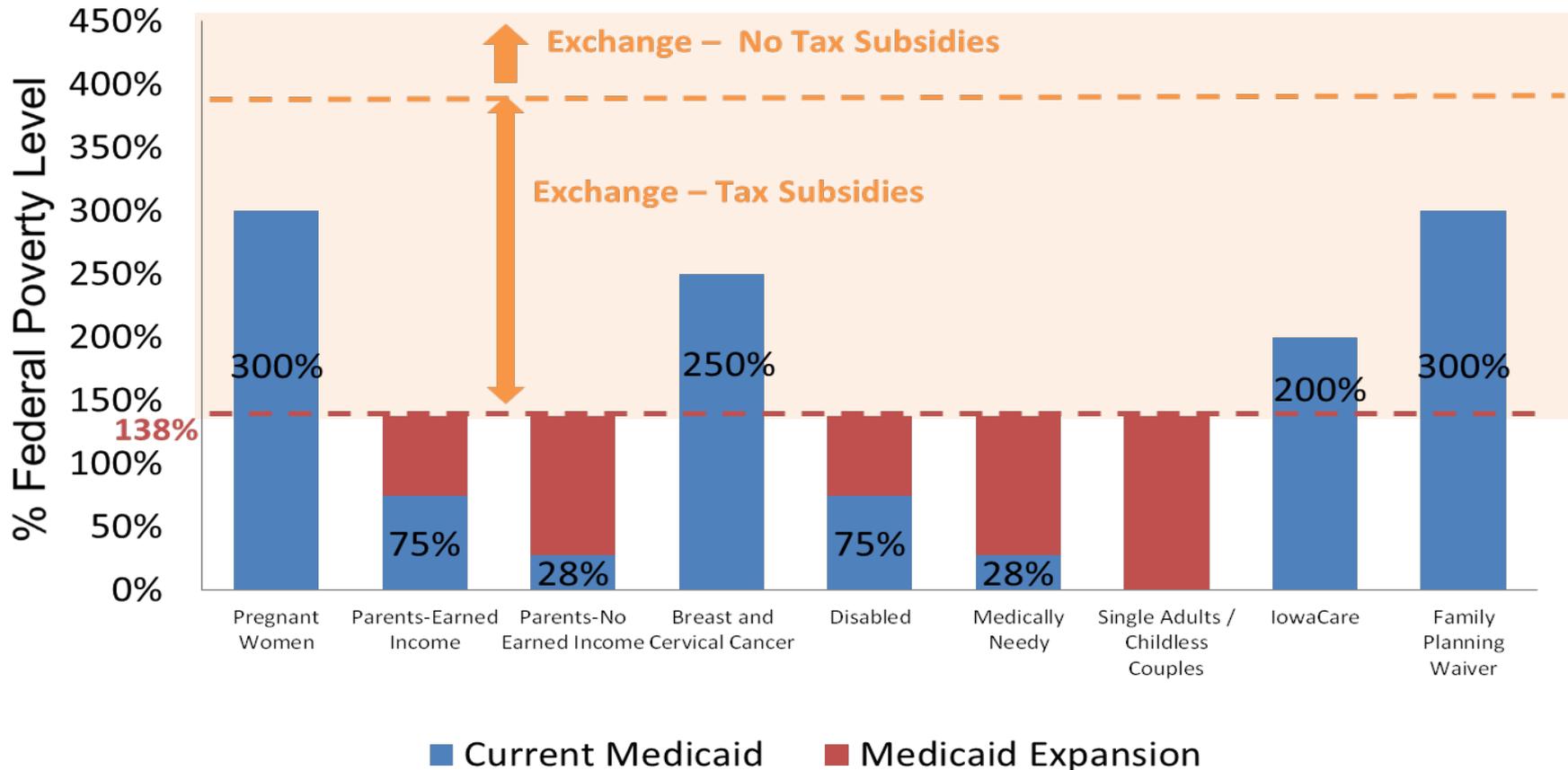


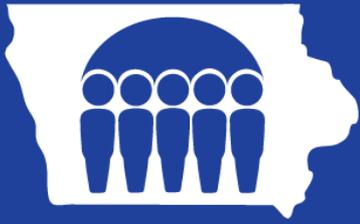
Quick Facts

- Supreme Court ruling made the expansion of Medicaid optional for States
- Option expands Medicaid to 138% of FPL (no longer tied to categories) \$32,499 for a family of four
- Changes income calculated to “Modified Adjusted Gross Income (MAGI), a tax based method for most Medicaid categories. No asset or resource tests
- Mandates a number of changes to streamline eligibility and will result in increased enrollment



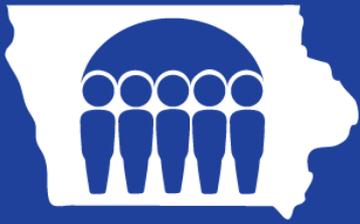
Eligibility under Medicaid Expansion





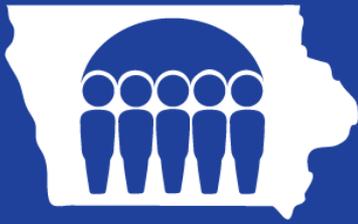
Quick Facts (Continued)

- 100% federal match for “newly eligible” through 2016, rate phases down to 90%
- Expansion program would have a regular Medicaid provider network
- No deadline for states to opt for Medicaid expansion, but IowaCare waiver expires 12/31/13, so to continue coverage some action is needed



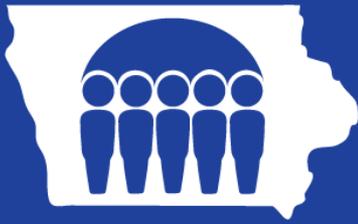
Medicaid Expansion – Newly Eligible Federal Match rates

Year	Federal Match Percentage
2014	100%
2015	100%
2016	100%
2017	95%
2018	94%
2019	93%
2020 on	90%



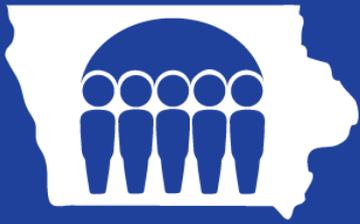
Medicaid Expansion Benefit Package

- If state expands Medicaid, state must define benefit package for Expansion population
- Expansion benefit plan is defined by ACA as “Benchmark Plan” (CMS has begun calling it ‘Alternative Benefit Plan’)
- Benchmark/Alternative Benefit Plan requirements:
 - Coverage must be at least equivalent to the essential health benefit package defined by the State for the Exchange
 - State chooses from four benefit plan options*:
 - Benefit package of the largest commercial HMO (Wellmark Blue Advantage)
 - Benefit package of the state employee plan
 - Federal Health Benefit Plan Equivalent Coverage (FEHBP)
 - Standard Medicaid Plan (with HHS approval).



Comparing Medicaid and HMO Benefit Plans

- Both cover the main acute care services - hospital, physician, prescriptions, lab/x-ray, home health, etc.
- HMO plan has more service limits or exclusions
 - Medicaid does not have limits on services if medically necessary; Blue Advantage places limits on the scope of certain services a recipient may receive.
- Medicaid has more extensive disability-related services including case management, rehabilitative and habilitative services, and personal care. Especially for adults with serious mental illness.



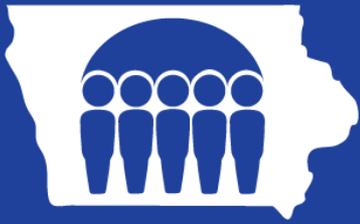
Enrollment and Fiscal Impacts

- Optional Medicaid Expansion to 138% FPL
 - Medicaid enrollment would increase between 110,000-181,000 over three years
- Key Assumptions: (details on next slide)
 - Woodwork effect
 - Newly eligible adults
 - Movement to exchange
- Enrollment and fiscal estimates developed by Milliman, Inc (IME contracted actuary)

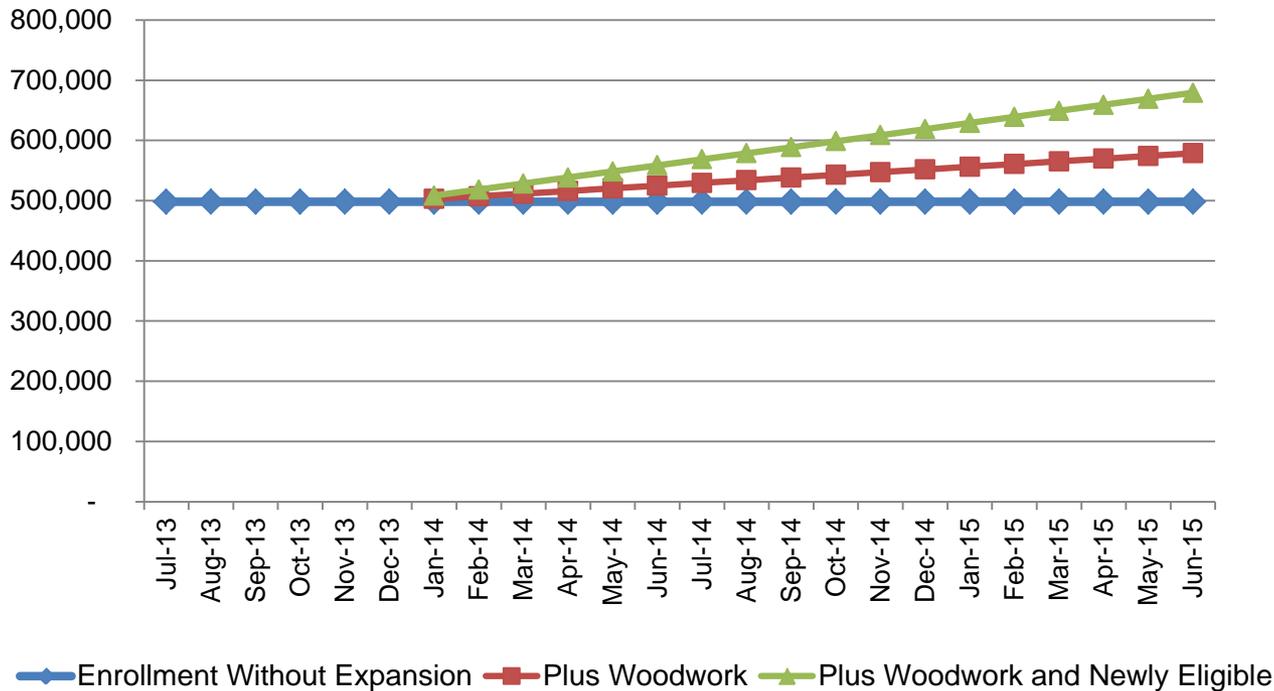


Key Assumptions

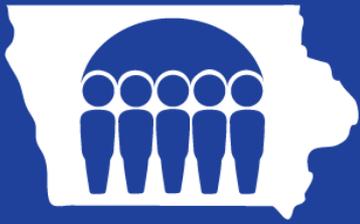
- **Woodwork effect:** represents increase of 51,600-80,400 due to currently eligible not currently enrolled
- **Newly eligible adults:** represents increase of 80,700 to 122,900 due to enrollment of newly eligible adults. This population receives enhanced federal match rate of 100% in early years, phasing down to 90% by 2020.
- **Movement to exchange:** assumes the state will enact policy changes that will move some groups currently covered by Medicaid to the Health Benefit Exchange. Assumes reduction in Medicaid enrollment by 22,300.



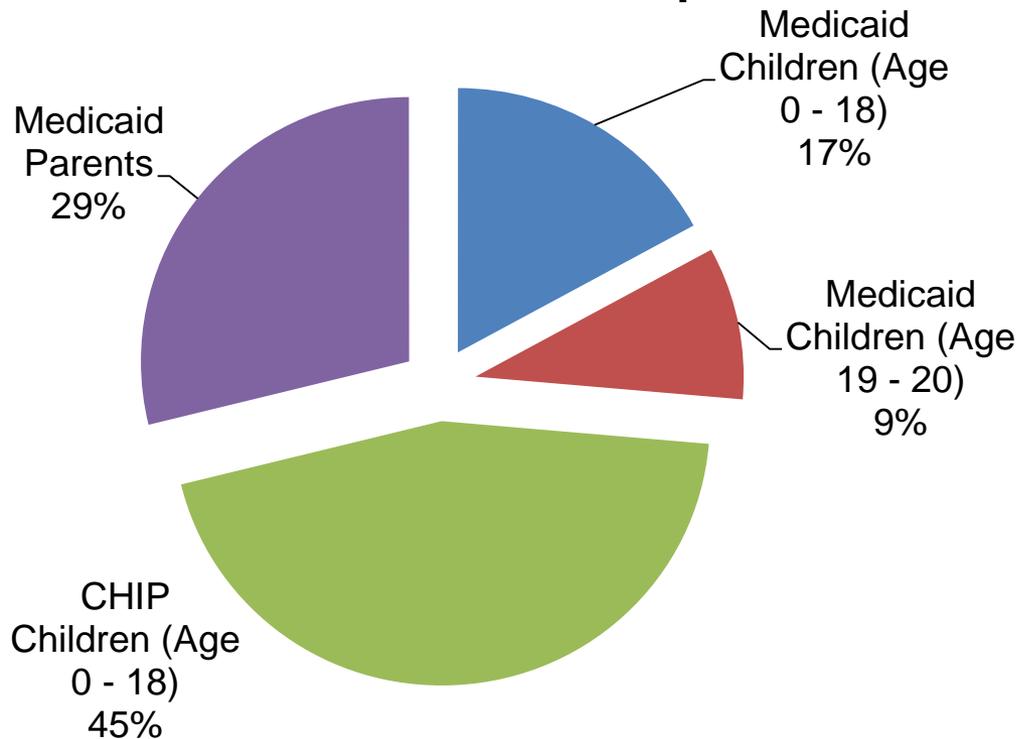
Iowa Medicaid ACA Medicaid Expansion - Enrollment Impact Milliman Moderate Scenario



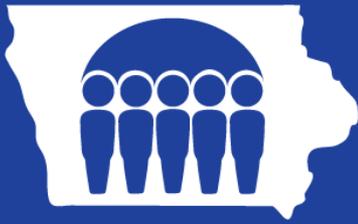
SOURCE: "Financial Impact Review of the Affordable Care Act as amended by HR 4732, the Reconciliation Act of 2010, and the Supreme Court of the United States June 29, 2012 Decision, on the Iowa Medicaid Budget: Medicaid Expansion to 138% FPL", Timothy Harris, FSA, MAAA, John Meerschaert, FSA, MAAA, Milliman Inc., December 13, 2012



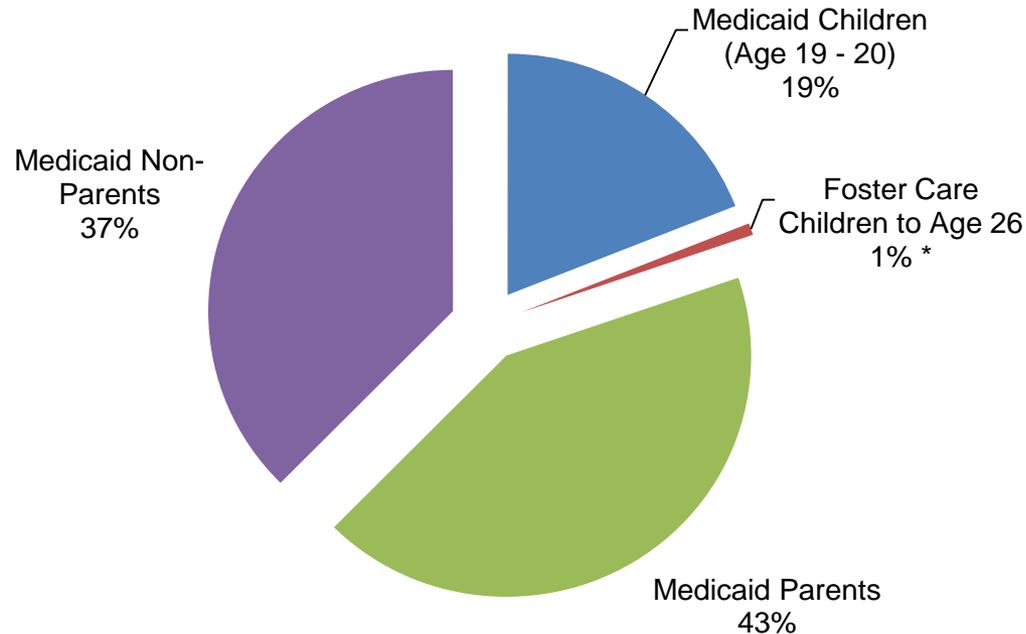
ACA Medicaid Expansion Distribution of Woodwork Population



SOURCE: "Financial Impact Review of the Affordable Care Act as amended by HR 4732, the Reconciliation Act of 2010, and the Supreme Court of the United States June 29, 2012 Decision, on the Iowa Medicaid Budget: Medicaid Expansion to 138% FPL", Timothy Harris, FSA, MAAA, John



ACA Medicaid Expansion Distribution of Newly Eligible Population (Less Movement to the Exchange)



* Foster children expansion to age 26 is required, not optional.

SOURCE: "Financial Impact Review of the Affordable Care Act as amended by HR 4732, the Reconciliation Act of 2010, and the Supreme Court of the United States June 29, 2012 Decision, on the Iowa Medicaid Budget: Medicaid Expansion to 138% FPL", Timothy Harris, FSA, MAAA, John Meerschaert, FSA, MAAA, Milliman Inc., December 13, 2012



Caveats

- Milliman Reports are a point in time
- Guidance from CMS is continually updated and clarified
- Reports do not reflect proposed regulations issued Nov 28, 2012
- Impacts are complex with many moving pieces
- Great deal of uncertainty/margin for error in any estimates



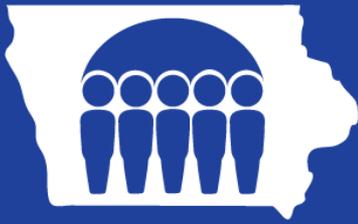
Fiscal Impact to the State Budget: Key Cost Drivers

Costs

- Declining Federal match rate for the newly eligible
- Children moving from CHIP to Medicaid
- Woodwork Effect
- Crowd-out
- Speed of 'take up'

Savings

- Conversion of IowaCare
- Possible conversion of Medicaid eligibility groups >138% FPL to Exchange
- Savings to other state or county programs?

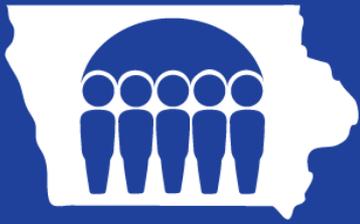


Net Estimate Fiscal Impact to the State: Expansion to 138%

LOW SCENARIO								
(Values in Millions)								
Provision	Increase/(Decrease) Over Baseline State Spending							
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	All Years
Currently Eligible ("Woodwork Effect")	10.7	45.0	60.0	58.8	61.2	63.6	78.1	377.4
Newly Eligible	(23.9)	(49.7)	(51.8)	(31.3)	(4.8)	4.8	25.2	(131.5)
Other Provisions/Administration	2.3	2.9	(13.6)	(21.8)	(22.6)	(23.8)	1.9	(74.7)
GRAND TOTAL	(10.9)	(1.8)	(5.4)	5.7	33.8	44.6	105.2	171.2

MODERATE SCENARIO								
(Values in Millions)								
Provision	Increase/(Decrease) Over Baseline State Spending							
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	All Years
Currently Eligible ("Woodwork Effect")	17.4	74.4	100.6	100.4	106.5	113.0	142.3	654.6
Newly Eligible	(24.8)	(52.8)	(56.1)	(27.5)	11.8	27.1	59.1	(63.2)
Other Provisions/Administration	2.0	2.5	(9.5)	(18.4)	(19.4)	(21.2)	9.2	(54.8)
GRAND TOTAL	(5.4)	24.1	35.0	54.5	98.9	118.9	210.6	536.6

SOURCE: "Financial Impact Review of the Affordable Care Act as amended by HR 4732, the Reconciliation Act of 2010, and the Supreme Court of the United States June 29, 2012 Decision, on the Iowa Medicaid Budget: Medicaid Expansion to 138% FPL", Timothy Harris, FSA, MAAA, John



Options Being Discussed

**IowaCare or
IowaCare
with
Changes**

**Medicaid
Expansion**

**IowaCare
Expires /
No
Expansion**

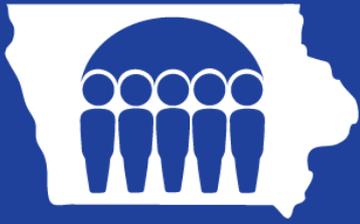


CMS announced they will consider applications to extend 1115 Waiver Programs. CMS has not provided specifics on what they will approve.



Required Compliance Action Items Regardless of Medicaid Expansion

- Eligibility
 - MAGI Income definition conversion is required
 - Enrollment Simplification / data interface with Federal Exchange is required
 - New ELIAS eligibility system is needed to comply – project underway
- Statutory Changes – conforming changes to Iowa Code



Questions?